DOCUMENT RESUME

ED 310 255 CE 053 062

AUTHOR	Gainer, William J.
TITLE	Job Training Partnership Act: Comments on H.R. 2039, The JTPA Amendments of 1989. Testimony before the Committee on Education and Labor, United States House of Representatives.
INSTITUTION	General Accounting Office, Washington, D.C. Div. of Human Resources.
REPORT NO	GAO/T-HRD-89-32
PUB DATE	29 Jun 89
NOTE	19p.; For a related document, see CE 053 061.
AVAILABLE FROM	U.S. General Accounting Office, P.O. Box 6015, Gaithersburg, MD 20877 (First five copies free; additional copies: $2.00 each; 100 or more: 25 percent discount).
PUB TYPE	Viewpoints (120)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Adult Basic Education; *Compliance (Legal); *Employment Programs; *Federal Legislation; *Federal Programs; Hearings; *Job Training; Policy Formation; Postsecondary Education; Program Costs; Program Effectiveness; *Program Improvement; Public Policy
IDENTIFIERS	*Job Training Partnership Act 1982

ABSTRACT

The General Accounting Office (GAO) commented on H.R. 2039, which would amend both the adult and youth titles of the Job Training Partnership Act (JTPA). GAO's analysis suggested the following: (1) although H.R. 2039 proposes to target greater resources to those who are hard to serve by requiring that 50 percent of adult JTPA participants have one of several employment barriers, it may not change things because 71 percent of adults served already fit that category--more effective would be to require multiple barriers; (2) the bill's proposal that participants' needs be assessed upon entry to the program has merit and would eliminate the practice of providing only job search assistance unless the assessment indicates that was all that was needed; (3) the bill would require placement in jobs with career potential--an improvement would be to measure the extent to which participants are provided higher and moderate skill training, since participants who are trained in those skills get better jobs; (4) some changes need to be made to the proposed definitions and reporting requirements; and (5) Congress should be cautious in increasing the limits on administrative and support service costs because JTPA's current successful emphasis on training could be altered. (KC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED310255

United States General Accounting Office

CE

GAO Testimony

For Release
on Delivery
Expected at
10:00 a.m. EDST
Thursday
June 29, 1989

Job Training Partnership Act: Comments on H.R. 2039, The JTPA Amendments of 1989

Statement of
William J. Gainer, Director
for Education and Employment Issues
Human Resources Division

Before the
Committee on Education and Labor
United States House of Representatives

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☐ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

CE053062

BEST COPY AVAILABLE

SUMMARY OF TESTIMONY ON H.R. 2039
WILLIAM J. GAINER, DIRECTOR, EDUCATION AND EMPLOYMENT ISSUES
U.S.GENERAL ACCOUNTING OFFICE

H.R. 2039 would amend both the adult and youth titles of the Job Training Partnership Act. Results from prior and ongoing work relevant to provisions of H.R. 2039 formed the basis for GAO'S testimony which highlights several areas of proposed change.

TARGETING THE HARD-TO-SERVE. H.R. 2039 proposes to target greater resources to those who are hard-to-serve by requiring that 50 percent of adult participants have one of several specified employment barriers such as welfare dependency. However, this may not significantly change the mix of participants because 71 percent of the adults being served have such barriers. A more effective approach would be to concentrate on individuals who have multiple barriers to employment such as those who are both welfare dependent and school dropouts.

ASSESSING PARTICIPANTS' NEEDS. In a related matter, aspects of an administration proposal have merit and, if added to H.R. 2039, could correct some shortcomings in the JTPA program. These require that participants' needs be assessed upon entry, a service strategy be designed, and progress reviewed. This proposal would also eliminate the practice of providing only job search assistance, unless the assessment indicates such a need and the service is unavailable elsewhere.

PERFORMANCE STANDARDS. H.R. 2039 would modify the JTPA performance standards by adding a standard for placement in jobs with career potential. However, the Committee may wish to consider an additional standard to measure the extent to which participants are provided higher and moderate skill training. JTPA participants receiving higher and moderate skill training got better jobs. In addition, this training was in occupations with projected growth.

UNIFORM DEFINITIONS AND REPORTING REQUIREMENTS. H.R. 2039 would require consistent and timely reporting under JTPA by establishing specific definitions and expanding reporting requirements. However, some changes are needed to the proposed definitions and the reporting requirements need to be further expanded to provide data needed for analysis of participant characteristics in relation to services received and employment outcomes.

INCREASED ADMINISTRATIVE AND SUPPORT COSTS. H.R. 2039 would allow an increase in the limits placed on administrative and support service costs. The latest Labor data can be used to argue for an increase in the administrative cost limitation; however, any increase will reduce the funds available for job training services. Concerning support services, the current law gives service delivery areas sufficient flexibility to increase such cost limits. Therefore, the Congress should be cautious in increasing the limit because JTPA's current successful emphasis on training could be altered.

Mr. Chairman and Members of the Committee:

We are pleased to be here today to assist in your deliberations on H.R. 2039, a bill to amend the Job Training Partnership Act (JTPA) by improving the delivery of services to hard-to-serve adults and youth. I am accompanied by Thomas Medvetz of my staff and Anders Anderson from our Boston Regional Office. My testimony today will focus on several key provisions of the bill. Specifically, I will discuss the proposals to (1) increase the targeting of services to the hard-to-serve, (2) develop additional performance standards, (3) expand data collection, and (4) increase administrative and support service cost allowances.

In June, we issued a report on JTPA stating that the program targets services to no particular segment of the eligible population.[1] Your bill is intended to better target training and other services to the hard-to-serve but, as written, may not significantly change the mix of participants being served. I will illustrate the reasons for this with data from our participants study and suggest possible modifications to the bill for your consideration. Similarly, we believe that clarifying language and modifications are needed to other provisions to ensure that they achieve the various purposes set out in H.R. 2039.

My testimony is based, in large part, on our recently completed study of the title IIA adult program which was requested by this committee, but we also have included information from a new analysis of youth participants. Our June report used demographic characteristics, education, employment experience, and welfare dependency to categorize a nationwide sample of JTPA participants by their probability of success in the labor market. For example, those for whom these factors predicted a low probability of success in the labor market were referred to as the "less job ready." And those who were more likely to succeed given their characteristics were referred to as the "more job ready."[2] (See exhibit I.) We analyzed the program outcomes for these groups and the skill level of jobs

---

[1]Job Training Partnership Act: Services and Outcomes for Participants With Differing Needs (GAO/HRD-89-52, June 9, 1989).

[2]We used results of previous research, expert opinion, and the results of our own multiple regression analyses of Current Population Survey data to identify characteristics, which in combinations, were most strongly associated with difficulty in the labor market. These characteristics were lacking recent work experience, being a school dropout, receiving public assistance, being a single parent with a dependent child, or being black or Hispanic.

they obtained in relation to the kind and intensity of training they received.

Compared to its predecessor, JTPA has been relatively successful, far exceeding Comprehensive Employment Training Act placement rates. However, our study resulted in several findings on existing program practices. As shown in the chart, we found

-- JTPA is not targeting any particular job readiness group for enrollment in the program,

-- school dropouts were significantly underserved,

-- less job ready individuals tended to receive less intensive services,

-- the quality of jobs received after leaving JTPA was strongly related to the skill level of training received, regardless of participants' initial job readiness status, and

-- low skill on-the-job training was often provided for excessive periods of time.

Our detailed comments on the key provisions of the bill follow.

TARGETING THE HARD-TO-SERVE

H.R. 2039 emphasizes program services to the hard-to-serve by establishing specific enrollment requirements for adults and youth. With respect to adults, not less than 50 percent of the participants are to be individuals who

-- are educationally deficient (have reading or math skills below the eighth grade level),

-- are welfare dependent (long-term welfare recipients), or

-- have limited work histories (substantially limited or unsuccessful work experience).

Similarly, for youth participants, not less than 50 percent are to be out-of-school youth, with priority given to school dropouts. The remaining in-school youth participants are to be chosen on a priority basis from among those who

-- are at risk of dropping out,

-- need school-to-work transition assistance,

-- are parents, or

-- have limited proficiency in English.

While these requirements might appear to more clearly identify program priorities than current law, which refers simply to ". . . those who could benefit from, and are most in need of" services, the program may already be meeting the targeting requirements of H.R. 2039. Although our data are not fully comparable with the categorization of hard-to-serve individuals stipulated in your bill, it does allow us to count participants with an education deficiency, welfare dependency, and limited recent work experience. For example, the next chart shows that about 27 percent of adult JTPA participants were school dropouts, 24 percent were AFDC recipients, and approximately 57 percent had limited recent work experience.[3]

GAO Proposed Targeting Requirements to Hard-to-Serve Adults Already Being Met

- H.R. 2039 requires at least 50% have a specific employment barrier
- JTPA participants with employment barrier

Education deficiency	27%
Welfare dependency	24%
Limited work history	57%
One or more barriers	71%

[3]In defining limited work experience we used the data that were consistently available from local program operators. Those participants who were unemployed during the 26 weeks before program application were considered to have limited work experience.

Overall, we estimate that at least 71 percent of JTPA participants may have one or more of the targeting characteristics specified in H.R. 2039, thereby satisfying the bill's proposed adult targeting requirement of 50 percent.

For out-of-school youth, our participant data are more clearly related to the personal characteristics targeted in the bill. Over 64 percent of youth participants are out of school and 42 percent of them are dropouts. Thus, the program is already emphasizing services to out-of-school youth and dropouts to a greater extent than required in the proposed legislation. Although our data on in-school youth is less precise, we reached similar conclusions and estimate that about half had at least one of the characteristics emphasized by H.R. 2039.

Thus, Mr. Chairman, it appears that the program may already be meeting the targeting requirements of H.R. 2039, as currently drafted and could therefore result in little change in who is actually served by JTPA.

Targeting Those With Multiple Barriers

If the Congress wishes to place greater emphasis on training for hard-to-serve individuals, a more effective approach might be to concentrate on those with multiple employment barriers. For example, our next chart shows that adults with two or more of the targeting characteristics specified in your bill make up about 31 percent of the adult participants being served.

GAO Emphasis on "Multiple Employment Barriers" Could Improve Targeting

	JTPA Participants	
	Adults	Out of school youth
Dropout receiving AFDC	8%	11%
Dropout with limited work history	17%	28%
AFDC recipient with limited work history	19%	16%
Total with two or more barriers	31%	36%

Thus, the Congress might consider requiring that the program serve a specific percentage of those with multiple barriers. If that percentage were substantially above 31 percent for adults, one could expect the program to better target the hard-to-serve in future years.

I should note that, based on our sample, it also appeared that when JTPA participants with multiple employment barriers are provided with the same intensity of training as those with few or no barriers, they often did as well. In other words, participants who received more intensive training--for higher or moderate skill occupations--tended to get better jobs at higher wages than other participants, regardless of their apparent job readiness.[4] Of particular note is that, although their placement rates were somewhat lower, the less job ready participants who were trained for higher skill jobs tended to get such jobs.

[4]As noted in our June report, we were unable to tell the extent to which these results might have been influenced by local program officials selecting those participants for skill training who were, for reasons we could not measure (such as motivation), more likely to be successful after training.

Because JTPA serves a small percentage of the eligible population, there appears to be ample opportunity for service deliverers to select individuals having a greater need for services. In fact, JTPA serves less than 2 percent of the adult eligible population with at least two of the three characteristics targeted by your bill. Yet, 26 percent of the eligible population have similar characteristics. I suppose it is also obvious that serving those who are less prepared for the labor market likely costs more, so targeting them for services could result in serving fewer participants.

Assessing and Addressing Participant Needs

If new legislation is successful in achieving greater targeting of the hard-to-serve, it will not necessarily result in such individuals receiving the training services they need to enter and advance in the labor market. For example, as we noted in our report, participants who were less job ready and presumably in greater need of training (such as dropouts or welfare recipients with no recent work experience) often received only job search assistance. Dropouts, in particular, rarely received remedial education which they could be expected to need.

The administration is proposing a requirement that the assistance needs of participants be assessed when they enter the program. An individual service strategy would then be designed, based on that assessment, and participant progress against that plan would be periodically reviewed. As we understand this proposal, if the assessment indicates that a participant needs both basic educational skill and occupational skill training, those services would have to be made available. The administration's proposal also eliminates the practice of providing only job search assistance, unless the assessment indicates that only this service is needed and it is unavailable from another agency such as the Employment Service.

In our opinion this is a sound proposal, which, if added to H.R. 2039, could correct various shortcomings in the existing JTPA program.

PERFORMANCE STANDARDS

H.R. 2039 proposes to modify the JTPA performance standards in two ways. First, the bill would add ". . . placement in jobs with career potential that will allow the individual to become self-sufficient . . ." as a factor the Secretary should use in establishing standards. In prescribing such performance standards, the Secretary is also to assure that states and service delivery areas make efforts to increase services and positive outcomes for hard-to-serve individuals. Second, the

bill adds the attainment of basic education (such as significant gains in reading or math) or other employability enhancements necessary for successful entry into the job market as factors for use in establishing performance standards.

Training and Quality Jobs

Two findings from our recent report provide insight regarding the relationships between training, placement, and jobs with career potential. First, as I noted earlier, our data show an apparent strong relationship between the quality of the job obtained and the skill level of training. That is, better jobs were obtained by those receiving higher or moderate skill training. For example, as shown in the next chart, when adult participants received training in higher skill occupations (and obtained jobs), about 72 percent of these jobs were in higher skill positions.

GAO Employment Outcomes Versus Training Skill Level

		Jobs Obtained		
Kind of Training	**Placement rate (%)**	**Higher skill**	**Moderate skill**	**Lower skill**
Higher skill	71	[72]	13	15
Moderate skill	70	4	[86]	10
Lower skill	77	2	6	[92]

Similarly, about 92 percent of those who received lower skill occupational training and were placed, obtained lower skill jobs. And, by and large, the higher skill level job placements were at better wages than low skill job placements. Nonetheless,

fewer than half (47 percent) of the participants received higher or moderate skill training.

GAO Outcomes Better With Higher Skill Training

Kind of occupational training	Participants (%)	Jobs Obtained: Low skill or no job	Jobs Obtained: Higher or moderate skill
Higher skill	16	40	60
Moderate skill	31	37	63
Lower skill, job search, other	53	74	26

Moreover, as shown in this chart, participants who received lower skill occupational training, job search assistance only, or nonoccupational training experienced less promising employment outcomes. About three-fourths of these participants, regardless of their job readiness group, either did not obtain jobs or obtained jobs in lower skill occupations, which have lower starting wages and projected growth.[5] In contrast, participants who received training in higher or moderate skill occupations tended to do better, with over 60 percent obtaining higher or moderate skill jobs.

Second, our analysis showed that the moderate and higher skill jobs in which JTPA participants were placed were more likely to have long-term career growth and better wages than were the lower skill jobs. Using data from a Labor Department study on job market trends through the year 2000,[6] we found that almost half the JTPA training positions we classified as lower skill

[5]This was especially true among the less job ready of whom 81 percent either failed to get jobs or obtained lower skill jobs. (See exhibit II).

[6]William B. Johnston and Arnold E. Packer, Workforce 2000: Work and Workers for the Twenty-first Century, Hudson Institute, June 1987.

were in low or no growth occupations. These included machine operators, assemblers, agricultural workers, laborers, and packers, for which predicted growth between 1987 and the year 2000 ranged from a positive 5 percent to a negative 16 percent. And many of the remaining lower skill positions (with better projected growth) are in service occupations, such as food service, for which wage gains and productivity growth have traditionally been weak.

On the other hand, the moderate and higher skill positions for which participants were being trained were in occupations whose projected outlook is much more positive. The largest proportion of these jobs were in such occupational groups as electronic technicians and administrative support which are predicted to grow, on average, over 20 percent between now and the year 2000, while relatively few are in lower wage service industries.

The Committee may wish to consider an additional requirement against which to measure performance--the extent to which participants, and especially the hard-to-serve, are provided higher and moderate skill training. Such a standard, in combination with a requirement to serve a specified percentage of those with multiple barriers, would ensure that meaningful training services are provided to a significant number of hard-to-serve individuals.

Employability Enhancements

Basic skills and workplace competencies can contribute significantly to an individual's employability. However, we would caution that the attainment of an adult competency might best be considered as a means to an end--the end being a quality job placement--and not an end itself. In our view, the principal outcome measure for adult training programs is and should continue to be job placements. Permitting the attainment of competencies to be counted as an acceptable outcome measure, in lieu of placements, could discourage service delivery areas from giving participants the training needed to achieve employability or could lessen their incentive to aggressively seek job placements for such individuals. This was found to be a problem with regard to the use of competencies in JTPA youth programs.[7]

UNIFORM DEFINITIONS AND REPORTING REQUIREMENTS

A persistent shortcoming of the JTPA program has been the lack of sufficient and consistent data. On a number of

---

[7]Youth Job Training: Problems Measuring Attainment of Employment Competencies (GAO/HRD-87-33, Feb. 11, 1987).

occasions we have noted that additional program data are needed for proper program management and oversight. H.R. 2039 would require consistent and timely reporting under JTPA by establishing specific definitions for several employment and training terms and expanding program reporting requirements.

We have some suggested additions and modifications to the definitions provided in your bill. We also believe that the bill's provisions may not ensure that sufficient data are available to link the socioeconomic and labor market characteristics of individual participants with the kind and intensity of training they receive and the quality of jobs they obtain. Such data are needed for local-level program analysis and proper federal oversight.

Definitions

In a previous report on JTPA, we noted that a lack of specificity and consistency of definitions in JTPA has been a problem common to Labor's data collection efforts.[8] For example, there are indications that some local programs may not record individuals receiving only job search assistance as program participants until after they have successfully been placed in a job, thus increasing the percentage of participants placed. H.R. 2039 addresses the problem of specificity and consistency, in part, by providing uniform definitions of the terms "enrollment," "participant," and "termination." We believe that such definitions should be tightened, however, to address other concerns we have noted. We have included specific suggestions for these terms in exhibit III.

Expanded Reporting Requirements

H.R. 2039 would require local JTPA service deliverers to collect additional data on participant characteristics, enrollment activities, program outcomes, and specified program costs. In our recent report we noted that the current program's data collection does not permit analysis of program outcomes associated with variations in the training provided. The provisions of your bill will help to solve this problem, but we believe some additional data are needed.

H.R. 2039 requires that data be collected on participant program activities, including the length of time spent in such activities, in addition to employment or other outcomes. We suggest that this requirement be expanded to include the skill level of any occupational training provided and that the length of training be reported in hours of training provided, rather

---

[8]Job Training Partnership Act: Data Collection Efforts and Needs (GAO/HRD-86-69BR, Mar. 31, 1986).

than weeks elapsed. Furthermore, regarding participant outcomes, we suggest that the skill level of jobs obtained be recorded together with the hourly wage at placement.

Most importantly, we believe the data on program participants should be collected in such a way as to permit the analysis of participant characteristics in relation to services received and employment outcomes. Such data would allow program evaluators (and local program managers) to match the characteristics of individual participants with (1) the kind of services received, including the number of hours and skill level of training, and (2) the skill level of occupations in which they are employed, if any, after leaving the program.

INCREASED COST LIMITATIONS

H.R. 2039 would allow SDAs to spend up to 20 percent of their funds for administrative costs (increased from 15 percent) and up to a total of 40 percent for administrative costs and support service costs (increased from 30 percent). The administration's proposal is similar but would allow such increases only if approved by the Governor. We have no specific views regarding administrative costs, but feel the limitation on support service costs should not be increased.

Administrative Costs

Labor's data indicate that SDAs spent almost 15 percent of their funds on administrative costs during program year 1987. However, because Labor permits all costs associated with "fixed unit price, performance-based" contracts to be charged as a training cost, provided certain conditions are met, administrative costs have likely been understated. Labor's Inspector General found that SDAs used this contracting method to charge to training costs that would otherwise be classified as administration and/or participant support.[9] These data could be used to argue for an increase in the limitation on administrative costs. However, we would like to emphasize that any increase in administrative costs will reduce the amount of funds available for job training services.

Support Service Costs

As we noted in prior testimony before the Senate, we believe the Congress should carefully consider any increase in funding

---

[9]Statement of Gerald W. Peterson, Assistant Inspector General for Audit, Office of the Inspector General, U.S. Department of Labor, before the Committee on Education and Labor, U.S. House of Representatives, September 29, 1988.

for support services.[10] Doing so could alter JTPA's current successful emphasis on training and placement, leading to greater use of funds for nontraining services, as under the Comprehensive Employment and Training Act program, where much of the program's resources went to such services.

While some individuals clearly need support services in order to participate in JTPA, service delivery areas have chosen not to provide such services to the extent already permitted. We noted in an earlier report on JTPA support costs that the limit imposed by the Act was not a problem for SDAs.[11] JTPA permits them to spend 15 percent of their funds on support services and allows them to seek waivers from this limitation. At the time of that study, few service delivery areas had requested such waivers and those that did generally had received them. Moreover, on average, service delivery areas spent less than half (about 7 percent) of the 15 percent available for support services. More recent data for program year 1987 indicate that they have increased such expenditures to 11 percent but are, on average, still well below the 15 percent permitted. Thus, we believe the existing provisions of section 108 of the act pertaining to waivers are likely sufficient to allow service delivery areas the flexibility needed to provide support services.

LIMITATION ON DURATION OF ON-THE-JOB TRAINING

H.R. 2039 provides that JTPA funds may be used to support a participant in an on-the-job training (OJT) position only for the time required to be trained for the position. The bill also provides that the appropriate training time is to be determined in accordance with regulations established by the Secretary. In our report, we pointed out the need for such a requirement. In many service delivery areas the length of some OJT contracts appeared to be longer than necessary for those lower skill occupations that require little preparation time. We recommended that the Secretary of Labor provide guidance to local JTPA programs to ensure that the length of OJT contracts are commensurate with the skill level of the job involved. We believe the provisions of H.R. 2039, when carried out by the

---

[10]"Senate Bill 543: The Job Training Partnership Act Youth Employment Amendments of 1989" Statement of William J. Gainer, Director for Education and Employment Issues, Human Resources Division, General Accounting Office, before the Subcommittee on Employment and Productivity, Committee on Labor and Human Resources, United States Senate, May 11, 1989.

[11]The Job Training and Partnership Act: An Analysis of Support Cost Limits and Participant Characteristics (GAO/HRD-86-16, Nov. 6, 1985).

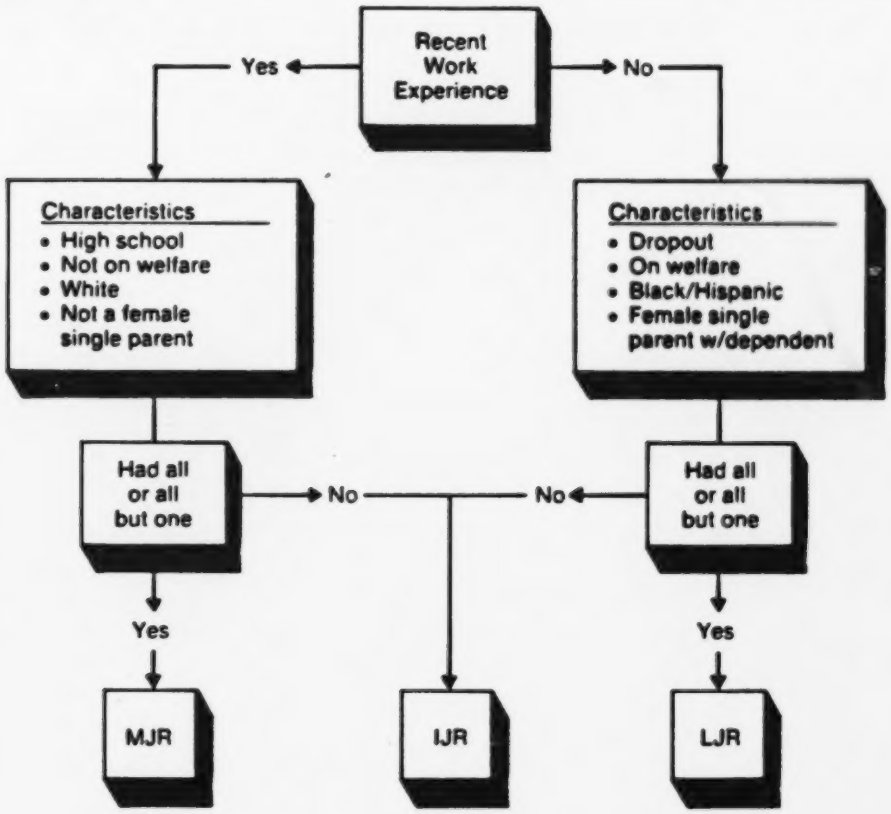
Secretary, should result in the full implementation of this recommendation.

- - - - -

Mr. Chairman, this concludes my prepared statement. My colleagues and I will be happy to answer any questions you or other committee members may have.

EXHIBIT I

GAO Classification of Job Readiness Groups



MJR = More Job Ready
IJR = Intermediate Job Ready
LJR = Less Job Ready

EXHIBIT II

GAO Outcomes for Those Receiving Low or No Skill Training

Job readiness group	Percent of participants	
	No Job	Low Skill Job
MJR	20	52
IJR	26	47
LJR	35	46
All Adults	26	48

MJR = More Job Ready
IJR = Intermediate Job Ready
LJR = Less Job Ready

EXHIBIT III

SUGGESTED MODIFICATIONS TO DEFINITIONS

To better ensure that individuals entering JTPA are consistently reported by service delivery areas as participants, and to avoid the practice of delaying such reporting, it is suggested that the definitions included in H.R. 2039 for "enrollee" and "participant" be combined in a single definition of "participant." We suggest the following definition:

> "A participant means an individual who has been determined to be eligible for participation in programs authorized and funded under this act and who is enrolled in and is receiving services from such programs. The date of entry to the program shall be the first day, following intake, on which the participant started receiving subsidized employment, training, or services funded under the act."

While this clarification will not necessarily eliminate all problems, it will specify the point in time at which individuals are to be recorded as participants.

Regarding the term "termination," Labor regulations permit participants to be placed in a "holding" status for up to 90 days following completion of training and before being reported as a program termination. While it may be reasonable to allow some period of time after training for participants to find employment, allowing local programs to claim a positive termination for a job placement that occurs 3 months after completion of training might distort how well JTPA is performing. In order to avoid such a distortion, local programs should claim a positive termination for a job placement following an extended holding period only when the job obtained is clearly linked to the training provided or is the result of direct placement assistance supplied by the service deliverer.